

EFFECT

OF

INCORPORATED COAL COMPANIES

UPON THE

ANTHRACITE COAL TRADE

OF

PENNSYLVANIA.

BY GEORGE TAYLOR.

POTTSVILLE:

Printed by Benjamin Bannan.

1833.



Digitized by the Internet Archive
in 2018 with funding from,

This project is made possible by a grant from the Institute of Museum and Library Services as administered by the Pennsylvania Department of Education through the Office of Commonwealth Libraries

John Stohm

THE Coal Trade of Pennsylvania, although in its infancy, has already acquired a value and importance fully sufficient to entitle it to the serious attention of the public, and to the watchful vigilance and guardianship of the constituted authorities of the Commonwealth. Previous to the year 1820, the use of Anthracite Coal was known to a few individuals only in the city of Philadelphia; and in that year 365 tons were sent to market. Last year there were sent 369,000 tons, and the present year about 500,000 tons will be sent to market. The canals and rail roads made wholly or principally for the transportation of Coal, the Coal lands, opening of Mines, wagons, boats, dwelling houses, &c. &c. necessary for working the Mines and carrying the Coal to market, have cost about 13,800,000 dollars, exclusive of working and floating capital for current business, and exclusive of wharves and store-houses at Philadelphia, New York and other places, and of ships and vessels engaged in the sea trade; and exclusive also of the Union Canal which cost say about 2,000,000, and portions of the state canals chiefly to be supported by the transport of Coal, not less than \$5,000,000 more. Making a total expenditure on account of the Coal Trade certainly not less than 20,000,000 of dollars. Estimating the Coal now sent to market at an average price of 5 dollars per ton at the place of shipment or consumption, it gives 2,500,000 dollars as the present annual value of the trade—or the amount of money actually created or earned by the labor and capital employed upon it one year. The population and the manufactories within reach, and which, it is fairly inferred, will use this Coal as soon as it can be furnished to them at reasonable rates, is equal to a consumption of between three and four millions of tons annually. If we suppose that it will require ten years to make the necessary canals, rail roads, and arrangements for supplying the article, it is evident that in a short time the Trade will be worth from fifteen to twenty millions of dollars annually. It is not necessary to enter into argument to show that such a source of wealth will exercise an important influence upon the population, manufactures, commerce and revenues of the country.—That it will affect them all very materially must be evident to every one, hence the importance of the subject and of the enquiry now proposed to be made as to the mode in which this highly valuable trade may be most advantageously regulated and conducted.

There are at présent four Coal districts, from whence the Atlantic markets are chiefly supplied. They are the Schuylkill, the Tamaqua, the Lehigh, and the Lackawana.

The Schuylkill Mines are worked by individuals in their individual capacity, with the exception of those by two joint stock incorporated companies. The Tamaqua, Lehigh and Lackawana Mines are owned and worked exclusively by incorporated companies.—

Thus far the Trade has not been conducted in a manner profitable to those engaged in it, or satisfactory to consumers and the public. The price of Coal has been variable and subject to sudden changes; and the supply has been precarious and unequal—great scarcity and ruinous abundance alternating with each other. Neither the price nor the quantity of Coal sent to market have been regulated by the fair cost of producing the article, or the wants of consumers. An extraneous, independent and separate influence appears to have controlled both supply and price. At one time the Coal owner may be seen soliciting purchasers to buy at a rate 30 to 40 per cent. below actual cost. This occasions ruin to many individuals, followed by a relinquishment of the business. The consequence is a short supply the following year, when consumers pay 30 to 40 per cent. too high. All are thereby injured—and the Coal Trade, the resources, and the advancement of the country proportionably embarrassed and impeded.

An impartial observer of the course of events could not fail to see that all this confusion, disappointment and loss was occasioned by the violent and irregular impulses given to the Trade, particularly at the Schuylkill Mines, by suddenly throwing into market large and unexpected quantities of Coal. The question naturally arises why and by whom were such quantities of Coal forced into market?—An inspection of the record of the Coal sent to market will show that it was done by the incorporated joint stock companies at those Mines, as we will show hereafter; and the reason why they did so, though not susceptible of positive and direct evidence, is to be inferred as motives generally are, from facts, and in this case does not admit of doubt. Some of the irregular and fitful efforts made by the companies probably proceeded from the ignorance of facts and the want of judgment common to all such institutions, but by far the greater number were evidently devised and executed in order to cover stock speculations. Such are the facts; and which, it is trusted, will be made evident in the course of the following remarks. We shall proceed to prove

1st. That the Coal Trade is not a pursuit or business suited to the government and capacity of joint stock companies.

2d. That the joint stock coal companies of Pennsylvania, in every point of view—in their organization, management and mode of doing business, are the very worst of their kind.

3d. That such institutions are injurious, inexpedient and unnecessary, and that their creation at this late period will be productive of great injustice, and of ruin to the individual operators engaged in the Coal Trade, now forming a large population.

All writers of authority, foreign and domestic, concur in the opinion that whenever individual capital and enterprise are adequate to the contemplated trade or undertaking, the creation of joint stock companies is inexpedient and improper. Smith, in his *Wealth of Nations*, states “That negligence and profusion must always prevail

more or less in the management of the affairs of such a company. It is upon this account that joint stock companies for foreign trade have seldom been able to maintain a competition against private adventurers. They have accordingly very seldom succeeded without an exclusive privilege, and frequently have not succeeded with one. Without an exclusive privilege they have commonly mismanaged the trade. With an exclusive privilege they have both mismanaged and confined it." This authority is directly in point as to the Coal Trade of Pennsylvania; and every word of the foregoing quotation is strictly applicable to the condition and career of our joint stock companies. In Schuylkill county four out of six of such institutions have failed and stopped business; the two which remain are overwhelmed with debts created by their incapacity, profusion and mismanagement. The Lehigh, the Delaware and Hudson, and the Little Schuylkill companies have each exclusive privileges in their respective districts, and their condition is abundant proof that they have both mismanaged and confined the Trade.

The author just quoted also states that "The only trades which it seems possible for a joint stock company to carry on successfully without an exclusive privilege, are those of which all the operations are capable of being reduced to what is called a *routine*; or such a uniformity of method as admits of little or no variation;" And he mentions Banking, Insurance, Canal and Watering concerns as of the kind alluded to. It is scarcely possible for any two pursuits to be more dissimilar than those just mentioned and the Coal Trade. It is utterly impossible to reduce the latter to routine. Scarcely a day passes in which the skill, judgment and personal inspection of the proprietor is not required. Faults may occur in the mines; and fluctuations take place in the market which may require prompt and immediate action; and may not, without loss and detriment, await the slow and uninformed resolves of a distant Board of Managers. Our author further states that before joint stock companies should be created, "It ought to appear with the clearest evidence that the undertaking requires greater capital than can be collected into a private co-partnery." Can such evidence be shown in reference to our Coal Trade? We unhesitatingly declare that it can not. On the contrary, it can be shown by the clearest evidence that abundance of capital can be so obtained. Individuals projected, established and have mainly sustained the business through all the difficulties incident to a new enterprise. They have sent to market nearly four fifths of all the Coal sent from this district; and have Mines, Wagons, Boats, capital, and in short every convenience and ability to supply the whole consumption. There were in operation during the present season 107 colliery establishments at the Schuylkill Mines, owned or worked by individuals in their individual capacity, which will send to market this year 190,000 tons, and which would have sent at least 400,000 tons, had there been a demand for the Coal.

The belief that individuals would not furnish capital adequate to the due prosecution of the Coal Trade formerly prevailed to some extent, but the experience of the last seven years has now for ever placed the question at rest. It is a sufficient answer to the argument about want of capital to point to the Coal taken out by individuals, and to the proof that they are prepared to supply the market; but in order to show the amount of capital wielded by individual Coal owners, it may be well to state the sums expended by them in the several departments of their business. We have just stated that individuals have 107 collieries in operation. For the use of these they have made

22 miles of lateral rail roads, which cost	\$62,000
107 collieries, consisting of Mines, Wagons, Implements, &c.—Each establishment cost upon an average \$3,000	321,000
Individuals own 500 canal boats and horses worth	250,000
There are 60,000 acres of land owned by individuals, worth	3,000,000
The towns and residences built by individuals are valued at	2,000,000
	\$5,633,000

Here are upwards of five millions and a half of dollars expended by individuals in the prosecution of the Coal Trade; and if more capital were required there would be no difficulty or hesitation in furnishing it. Exclusively of the cost of making canals and rail roads, which have been made by companies incorporated for the purpose, without Coal trading privileges, and of the purchase of land, the amount of capital required for carrying on the Coal Trade is comparatively small. The business of manufacturing, of making iron, and of farming, each require as much capital as it does to carry on the Coal Trade, and they are admitted to be more susceptible of being reduced to a *routine* or similarity of proceeding than the latter, which, perhaps of all others, most require personal skill and diversity of action—yet acts of incorporation have not been found necessary for raising grain, or making iron; and applications for them would not be very favorably received by the legislature. Neither the North American nor the Delaware Coal Companies expended 1000 dollars to put their Mines in operation. It is true they purchased lands and other property to the amount of thirty or forty thousand dollars, but this does not prove that such expenditure was either necessary or profitable. Many of the individual operators before alluded to, with rented Mines, are able to send to market from one to five thousand tons of Coal annually, and who have not employed a capital of 1500 dollars. Others have purchased Mines and sent to market from 5000 to 6000 tons of Coal yearly, and have not employed 5000 dollars capital, including the money paid in part payment of the land. A tract of land, such

as will afford a respectable colliery establishment for years, may be purchased for 3 or 4 thousand dollars. Three thousand dollars will open the Mines, make roads, &c. and furnish wagons; 2500 more will buy boats to take 5000 tons of Coal to market. A landing can be rented for 100 dollars a year; and if to these we add 1000 dollars Mining capital, for current business, we shall have all the requisites for a colliery establishment upon a liberal scale.

RECAPITULATION.

Coal Land, say	-	-	\$3,500 00
Opening Mines, wagons, &c.			3,000 00
Boats,	-	-	2,500 00
Working Capital,	-	-	1,000 00
Total,			\$10,000 00

Of the one hundred individual Mining establishments now in operation in this county, not one in twenty has cost that sum. There are hundreds of farms, manufactories, iron works, lines of stages, dwelling houses, &c. which have cost four times as much; and he would be considered a very small merchant indeed in either of the large cities, who had a capital of only 10,000 dollars. Many merchants frequently expend eight or ten times as much in fitting out a single ship or steam boat. The truth is, that the argument about want of capital in the Coal Trade is exploded, and has become perfectly futile and inapplicable. There is no want of money or efficient individuals to carry it on; all that is wanted is system in the business, a regular market and steady demand for the article at a fair and living profit.

But the foregoing estimate, small as it is, includes too much.—Companies and individuals have fallen into the error of attempting to spread their operations over too large a space, so as to embrace the whole scope of the Coal Trade from beginning to end; owning lands, working the Mines, owning and navigating boats, and ships, and owning wharves, and yards, at the places of consumption: and even owning retail carts and following the Coal into the cellar of the consumer. Here are a great many distinct operations suitable for forming separate establishments, and which must necessarily be situated in distant parts of the country; and which cannot, therefore, be subjected to that constant degree of personal inspection and controul by the proprietor, which is found to be absolutely necessary to the economical and skilful transaction of business. The Coal Trade may well be divided into four or five distinct branches. One party may be the owner of Coal Lands—a second may open and work the Mines—a third may be a factor or merchant residing at the chief market to purchase Coal at the Mines, or receive it upon commission—a fourth may own canal boats and be the carrier for all parties, or purchase his cargoes and carry upon his own account. To

which perhaps may be added, a shipping merchant to export Coal to foreign ports. This mode of conducting the business would reduce it to a regular system and admit of the closest personal scrutiny and watchfulness in each branch, by its proprietor. It would lessen risks and losses, and would bring the capital required for each department fully within the means of a large class of individuals. It is the mode universally adopted in England, and no doubt found from long experience to be the most economical for those engaged in the Trade, and the most beneficial to the public: and must be generally, as it has already been partially, adopted in this country.

Under such an arrangement of the Trade, the capital required for each branch would be so small as to be within the compass of every tradesman. The Miner might rent one or more Mines; and the boat owner might own one or more boats. The factor and shipping merchant would each, as in other trades, transact a large or small business, according to his capital and convenience. Thus we see that it is not capital that is wanted, but that the Trade should be properly arranged and be established upon a regular and convenient business system. It is the great error of the advocates for incorporated Coal Companies that they take in the whole scope of the Trade, Land, Mines, rail roads, boats, wharves, ships, and retail yards and carts, and say a vast capital is necessary to furnish all these. It is no doubt true that a large capital is necessary for all these purposes; but it is the greatest possible error to attempt to combine them under one interest. It would be just as reasonable for a manufacturer of cotton goods to say it was necessary for him to own cotton lands, raise his own cotton, own wharves, and ships to export his goods; and retail stores to retail them,—or for a manufacturer of woollen goods to keep sheep, grow his wool, and own ships, wharves, and stores, as in the other case. Or for a farmer to own mills to reduce his grain to flour, and to own stores to retail it, and ships to export it. All the things stated are respectively necessary for the prosecution of the cotton, woollen, and flour trades—but he would not be considered a very wise man who should propose to combine all the branches of these several trades into one concern, and then ask for an act of incorporation to enable him to carry it on. He would be told that if his capital was not adequate to the whole, he might pursue one branch; and moreover that he could not possibly superintend the whole, and could not succeed in competition with individuals engaged in the several parts.

Besides the impossibility of one person superintending establishments hundreds of miles apart; no one individual possesses the requisite skill, experience, and turn of character necessary, properly to direct and controul so many dissimilar pursuits. A person may be a skilful merchant, and yet be a very indifferent engineer or superintendent of Coal Mines, &c. Even suppose it possible for one person to be in possession of all the requisites, he could be but at one place at a time, and while he was watching his Miners, his

boatmen would be loitering along the canal, losing time and injuring his boats; and at Philadelphia or New York, &c. &c. his coal might be wasted, bad debts contracted, and changes and chances of market neglected. "The division of labor is the perfection of labor." But this division of labor the Companies strive to prevent. One branch of the business alone would be but a small matter for a dozen Directors, a President and Secretary;—they therefore endeavor to encompass the whole and keep it consolidated. But their incapacity to prosecute the coal trade is obvious to every one acquainted with that trade. It may safely be asserted that a distant board of Directors, such as are attached to coal corporations in general, cannot, and do not possess sufficient information upon the subject even to enable them to select suitable agents. They know not, and cannot estimate the skill, experience, and talents necessary for the business.

The coal trade is perhaps the most arduous branch of industry in the country. The mining of coal requires great skill, experience, energy, and personal enterprize. It is utterly impossible for a board of Managers at a distance to direct the working of coal mines; all they can do is to appoint an Agent, and to his integrity, and to his discretion, the whole concern must be confided. The course he ought to pursue, and the expenses he ought to encounter, can only be ascertained upon an examination of the mines and an inspection of the works. This Agent ought to be an engineer as well as a practical miner. It is generally supposed that to learn the business of a merchant, or a manufacturer, or of a farmer, requires years of instruction and practice; and can it be supposed that the business of mining; of hewing out caverns in the bowels of the earth; of devising and erecting difficult works, of tracing out the geological slips, hitches, and faults in the coal measures; of draining, ventilating and propping mines, &c. &c. requires no previous preparation? Our coal companies do, however, not unfrequently work the miracle of transforming a gentleman manager or stockholder, who has rarely or never before seen a coal mine, into a practical mining engineer, and such have from year to year had the honor of *permanently* investing in our mountains thousands and tens of thousands of dollars. A board of directors may give orders for a certain quantity of coal to be produced; but they cannot direct how, nor at what cost. They know nothing of the business, and cannot tell whether their Agents are faithful or unfaithful. They are quite as likely to blame or discard a worthy as an unworthy Agent.

But it has been proposed by some persons in behalf of coal companies, that as the trade is yet in its infancy, and is unsettled, irregular and fluctuating, that it will be best to let companies bear the burthen and risk incident to this probationary state; and that after a few years individuals may take it up and have all the advantages of the experience and expenditures of the companies, &c. To this I reply, and as I shall, I trust, establish before I close the subject, that the chief evils with which the trade has been beset of late years,

have been produced by the Companies; and that so long as they continue to interfere with, and have any controul over it, those evils may be expected to continue. Every one acquainted with the coal trade and its history in this and other countries, must be satisfied that sooner or later it must be confided to individual operators; and that if it were now to be surrendered to Companies, that they could not long retain it; but that during the time they did so retain it, they must prosecute it under arrangements unsuited to individual operators. Nothing therefore would be gained by the proposed experiment; for when Companies shall be prepared, or be compelled to leave the trade, individuals would have to take it up as at present, and organize and arrange it to suit their views and mode of doing business. And with this disadvantage that much time will have been lost, and the individuals now experienced in the business will have been driven away and their place have to be supplied by new hands.

The subdivision of the coal trade, as already suggested, is all it is believed that is now necessary to place it in a satisfactory and profitable position, if undisturbed by incorporated Companies. But this subdivision of the trade must be effected by individuals; not by Companies;—it would not be compatible with their views and interests.

To carry on the coal trade, embracing all its branches, requires the aid of many agents stationed at distant places, and clothed with large discretionary powers. This is of itself sufficient reason for the subdivision of the trade, and abundant proof of the unfitness of joint stock companies to prosecute it. Upon the subject of Agents, it has been well remarked, that “a proprietor who resides on the spot, who sees with his own eyes, and makes his own bargains, must do business cheaper than a corporation which acts by Agents.” In addition to this, it has been shown that of all others the coal trade is an undertaking least suited to the management of a corporate body.

The second portion of the exposition undertaken in this essay, is the organization and character of the joint stock Companies now in operation in this state. It is evident from the principles upon which they were one and all constituted and ushered forth, that they were designed for purposes other than the regular prosecution of the coal trade—that they have exercised an influence highly prejudicial to it, and to the welfare and prosperity of the country, is matter of history and experience. The Lehigh, the Delaware and Hudson, and the Little Schuylkill Companies, have, under the cover of making improvements for the use of the public, obtained control over three important coal districts. Not only are the public mainly excluded from the use of the said improvements, but the owners of the lands in those districts are deprived of the fair use and value of their lands. Coal mines, without the means of transporting the coal to market, are of no value. The individual coal land owners of the districts under the controul of the Companies, are debarred from going to market by ruinous and prohibitory tolls and regulations laid upon the canals and rail roads. No one will buy land he cannot use. What then is the value of land which cannot be sold or used? Just what the monopolists please to rate it at. Thus the coal trade, the public improvements, and the lands and property in three-fourths of the coal region have been surrendered to three incorporated Companies, to speculate on the property; to monopolize the trade; to buy and sell at their will and pleasure. The Companies named exercise the most rigid monopoly—the most absolute and exclusive sovereignty over their respective districts. They are in the fullest meaning of the term monopolies, and as such are opposed to fair trade.

Had the powers and privileges which these Companies hold and exercise been asked for openly; and their consequences and effects been foreseen, they would have received instant condemnation. Thus furnishing additional evidence of the danger of legislating in the dark, and the great caution which it is necessary to exercise in conferring corporate powers. The history of our own and of other countries record many instances where banking privileges, monopolies, and other injurious powers have been obtained under cover of a grant to build a bridge, make canals, construct water works or other improvements. The object aimed at will not be solicited openly, or all at once; but by degrees, one privilege after another may be obtained until the whole purpose be accomplished. The enterprize may be represented as an experiment, and a charter for a few years only be solicited; but before the limited period expires, vested rights, the expenditure of money, the sacrifice of property, ruin to stockholders, &c. are paraded before the legislature, and then an extension of the time asked and generally obtained. An intelligent wri-

ter, speaking of the danger of incorporating joint stock Companies, very justly remarks, "that monopolists are too wary to risk the odium of an application, which if shown in its naked deformity, would be reprobated by all parties. They shield their selfishness under dexterous pretexts; and their demeanor is so bland and amiable; their love of the people so strong; their attachment to free institutions so powerful; and their desire to promote the welfare of society so invincible, that to question the purity of their intentions is wilful blindness and monstrous extravagance. An intrepid speculator, skilful in management, and not very scrupulous as to means, originates some scheme of improvement, and so adroitly hides the prominent facts that he obtains an enormous rate of toll on the leading articles, or in some other way gets exclusive power without exciting suspicion."

At the Schuylkill mines there have been six incorporated joint stock Companies. Four of these have failed and stopped business. This is another trait in the character of coal companies. The two which remain are the North American and the Delaware Coal Companies. There was great similarity of manner in which all were formed and constituted. The two yet in operation were perhaps as fairly moulded as any of the others, and having sustained a longer existence, may be supposed to have been more skilfully managed, and therefore may be taken as favorable specimens.

The North American Company was projected with a view to mining in New York or elsewhere, but organized or re-organized in the year 1827 to work coal mines in Schuylkill County. This operation consisted of the purchase of land and landings to the value of \$51,500, on which \$10,000 was paid. Upon this payment and property stock to the amount of about \$225,000 was issued. Thus placing in the pockets of the projectors of this brilliant scheme the round sum of 215,000 dollars. This is one of the purposes to be accomplished by the organization of a Company. The estimation in which the working attributes of this concern were held, was shown by the fact that the sum of one thousand dollars only was the whole capital appropriated to opening, establishing, and working the mines; and with this solitary one thousand dollars the superintendant did open and furnish the mines, and send a large amount of coal to market. The sum of 215,000 dollars was given for the charter, and 1000 dollars appropriated as business or working capital. Here we see the value of a charter,—215,000 dollars given for the good will of a business which can be carried on with a capital of \$1000. We need not wonder at the immense exertions, and the cunning devices used to get hold of a charter. The necessity for a large capital so incessantly urged and dwelt upon by Companies, is also very apparent.

After the first grand speculation has been accomplished, a second object is to keep up a running speculation in the stock. This the knowing ones well know how to manage. By making a display of a large quantity of coal, with the necessary calculations, certi-

ificates, &c. &c. set off in a report or circular; the stock is puffed up to par or higher, and then put off upon ignorant or unwary capitalists. In their hands the stock speedily falls; they soon find that they have got hold of a losing concern overwhelmed with debt, and that the best step they can take is to sell out at any price as quickly as possible. When the stock is sufficiently low, the stock-jobbers buy in again; then comes another grand display of coal works, and of the powers and resources of the Company, issuing of reports and certificates, and the stock is again brought up to par, and again pushed off upon another set of novices, and so on *ad infinitum*.

In the mean time the working business of the Company, the coal trade, serves as a hobby or as a sinecure for some favored manager, who has perhaps not seen either the inside or outside of a coal mine. When a suitable time arrives for a turn with the stock, then coal must be sent to market. The state of the market is neither consulted, understood, or cared for. To effect a sale of stock the Company must be placed in a business attitude, and a brilliant display be made in the coal works; and as large a quantity of coal as possible produced. No matter what it may cost, or what it may sell for, or whether the mines are or are not in a condition to produce the required quantity economically. Bounties, exorbitant wages, and extravagant freights are lavished in all directions. New and temporary works are opened at vast expense, to be abandoned after the display has been made. If all these modes do not produce sufficient coal, it is privately bought and sent down as coal produced by the Company. Extravagant and ruinous as such proceedings must necessarily be to the Company; and embarrassing to general dealers, it was the course actually pursued last year, and more than once before. The object most obviously is to obtain a large quantity of coal upon which to predicate a seductive calculation of profits. Without the coal no such calculations can be made, and no inducements held out to capitalists to buy the stock. If the operation results in a loss to the Company, which may safely be declared to be invariably the case, a sufficient portion of the expenditure is put down as money expended in permanent improvements, and thereby becomes part of the *capital* of the Company. The amount of the loss is not a consideration. Persons leaving a concern, who bought in for the purpose of selling out again, cannot be expected to feel much disquietude as to the amount of debt they may leave to their successors, especially when the expenditure is absolutely necessary to enable them to sell their stock. Besides with the practice alluded to of putting down losses as so much expended in improvements, works, &c. a loss gives the Company the appearance of greater wealth to an inexperienced person. A succession of such operations and losses has swollen the stock of the Company in question up to 250,000 dollars. There is also a loan on record of \$60,000, making the sum to be provided for in interest or dividends, \$310,000.

As the expenditure of this immense amount of capital was laid be-

fore the legislature in proof that individuals could not carry on the coal trade; and also as an inducement to the legislature to re-charter the Company, it may be deemed necessary to show the amount of money actually expended or employed by them in their coal operations.

The Property of the North American Company consists of 860 acres of land, and the coal leave or right of mining upon another tract of 217 acres. The "Centreville," their principal tract of 400 acres, is nearly exhausted of its coal above the water level. The Mill tract, (No. 3 of the Company) containing 460 acres has been extensively explored, but nothing found to make it available for mining purposes. The tract upon which the coal leave rests is in the same predicament. They have also about half a mile of lateral rail road, a landing, 50 wagons, and 35 boats. The old works, drifts, and openings, are about to be vacated, are of no use, and of course of no value. The Mill Tract not being a workable coal tract, and the Centreville Tract being exhausted of coal above the level, it is presumed that 60 dollars per acre will be considered a very liberal estimate of the value of those lands. No workable coal having been found within the bounds of the coal leave, it is of course of no value.

We then have 860 acres of land at \$60 per acre	\$51,600
Landings, say worth	10,000
Rail Roads	2,000
Boats	5,000
Wagons and tools, implements, &c.	3,000
Total	\$71,600

This is the full value of all the property and possessions of the Company. But the amount is greater than is either necessary or useful. For example: A landing which might be got for 2000 dollars, would answer every purpose of that put down at 10,000; and the Mill Tract, producing no coal or revenue, is an incumbrance. Thus by deducting 35,600 dollars, the estimated value of these two items, it will reduce the value of the useful possessions of the Company to 36,000 dollars. Thus in place of a capital of 310,000 dollars being necessary to carry on their coal business, all the property of use to the Company is not worth more than 36,000 dollars. A small sum may be added as working capital; but this must be a very small sum, for it is the established course of the Company to draw at long periods for the full value of all the coal they ship as fast as it is shipped from Pottsville; which drafts are discounted by one or other of the banks. We have allowed the Company the benefit of the estimate of the present value of their lands; but it must be remembered that they did not pay the sum stated. They in the first instance promised to pay \$51,500 for their lands; but part of this land they afterwards sold for \$18,000; thus reducing the cost of their real estate to 33,500 dollars. The Company have not therefore expended

more than 43,500 dollars in the purchase of all their property and effects; and it might be shown, if it were important, that the Company did not advance or pay but a small part of that sum, probably at no time more than 12 or 15,000 dollars, *until the loans made to the Company*, (as communicated to the legislature) enabled them to pay something more. Previous to this time they had not paid the purchase money on their land; and it is admitted by the officers of the Company, that "if the Company had not been sustained by the individual funds or credit of its Directors, its operations must have been suspended." This is most assuredly strong proof of the utility of a joint stock Company, that it was so disabled by the expenditure of 12 or 15,000 dollars; that it had to be sustained by *individual funds, and individual credit*. The amount of funds and credit it possessed in its own right were without doubt sufficiently limited; and yet this feeble concern, so destitute of money and of credit, was introduced to our legislature as a very meritorious Company, "which had invested a capital of 250,000 dollars; and had greatly benefitted Pottsville." We have shown where the capital was invested, but it would not be so easy a matter to show wherein it has benefitted Pottsville. We can state what it has not done. That it has not at any time built, owned, rented, or occupied; a dwelling-house, or any other building, in Pottsville, or in this whole coal region, with the exception of the cabins at the mines, and an office in town, and now one upon the landing 10 or 12 feet square, and worth perhaps 80 or 100 dollars. That the Company has no Manager resident here, and that it has not contributed one family to the population, nor one cent to the construction of the town. To return to our calculation.

If we allow the full estimated value of all the property held by the Company, and add to it \$4,600 as working capital, and say that their whole property and capital are worth 75,000 dollars, it still leaves them with a useless, valueless, and unnecessary incumbrance or debt of 235,000 dollars, for which they have nothing whatever to show.

The Company has been in operation six years, and has sent to market, according to the official record kept by the Collector, a total quantity of 84,977 tons of coal, being an average of 14,162 tons yearly. The yearly interest upon their unnecessary incumbrance of \$235,000 is \$14,100, very nearly one dollar per ton upon each ton of coal sent to market by them. If therefore the Company pursue the business at the same rate they have done heretofore, they must lose yearly from this alone \$14,100, or they must make consumers pay them one dollar per ton for coal over and above the usual and proper cost of mining it.

We may commiserate the stockholders of the Company, and say it is cruel thus to subject them to loss by exposing the utter worthlessness of their institution; but is there to be no sympathy felt for the thousands of individual dealers these Companies are ruining? If a few stock-jobbers should be found to have made a faulty

speculation, or some rich, and amongst them some respectable capitalists, should lose the amount of their stock; are these circumstances to be compared with the monstrous hardship and injustice of taking away the means of living from hundreds of families? Of depopulating a whole district of country, and reducing it to ruin, or a state of depreciation little better? Suppose the stockholders of the Companies to be entitled to our sympathy and pity, are consumers willing to pay them one dollar per ton for coal more than it is worth? But they are not entitled to sympathy any more than he who gets a bad bargain from too greedy a haste to make great gains out of the rights and property of others. It must be held in remembrance that in this contest it is the capitalists who are striving to get exclusive privileges, to the injury of the individuals who merely ask to be let alone, and that their rights and property may be protected.

Another objection to our Coal Companies is, that their privileges were unfairly acquired. When they could not get charters from our own legislature, they procured them from other states. Every species of artifice and circumvention were resorted to. In some cases the whole grants were obtained contrary to the will of the legislature; in other cases powers and privileges not intended to be conferred, were obtained. What cannot be obtained by intrigue, may be yielded to entreaty. An applicant representing himself as an innocent sufferer, and that the boon solicited will save him from ruin, with tears and sighs may draw from sympathy that which would not have been yielded by justice. These lachrymary appeals have been known to succeed when all other modes had failed.

The system of finesse just alluded to was greatly extended and more daringly practiced upon our last legislature than ever before known. The North American and the Delaware Coal Companies made application for acts of incorporation. A delegation, with remonstrances, by the individual coal dealers were sent from Schuylkill County to oppose the application. It was satisfactorily ascertained during the course of the session, that a large majority of the members were opposed to granting charters to Coal Companies, and yet the two Companies mentioned *did* obtain charters, in defiance of the majority of the legislature, and of the opposition; and in despite of reason, justice, and propriety. Three days before the rising of the legislature, when a large number of members had obtained leave of absence, and the opposing delegation had returned home; in the hurry and confusion incident to the closing period of legislation, a clause incorporating the Companies, by referring to another act, was inserted in a library bill as an amendment, and passed through both branches of the legislature on one and the same day, the 6th of April. It is worthy of remark that at this time 35 members were absent. On a party vote, taken a few days before, there were 40 votes in favor of Companies, and 47 against them, 11 members being absent. When the charters were passed, there were 39 votes in favor, and 24 votes against them. Thus the Companies had lost

but one vote while the opposition had lost 23 votes. Twenty members known to be decidedly opposed to the incorporation of Coal Companies had obtained leave of absence. The charters were thus passed in consequence of the absence of members opposed to their passage; and a measure adopted which put in jeopardy millions of dollars; and deeply affected the rights, the welfare and the means of living of thousands of persons. It is indeed time the legislature should take efficient measures to put a stop to these violations and circumventions of its clearly expressed will and determined policy.

Independently of the merits of the question, which call upon the legislature to revoke those charters, the manner in which they were obtained demands from the Legislature a decided mark of its disapprobation. A knowledge of the artifices and specious arguments made use of to obtain possession of important and exclusive privileges; and that neither the public nor the legislature were duly informed as to the nature and condition of the Coal Trade induced the appointment, by the Senate, of a Committee, "To enquire and report to the Senate what legislation, if any, be necessary for the mining and transportation of mineral Coal." In order as the preamble declares, "To the end that this important interest, its history and operations yet in their infancy, be more fully understood." The Companies, however, in the face of this proceeding, took advantage of the absence of members to obtain the grants which were to form the subject of enquiry by the committee. Having thus anticipated the prescribed course of legislation, the legislature will without doubt hold them strictly to the terms upon which the grants were taken, namely, to have them "Repealed whenever the legislature may think proper," a power which the information to be furnished by the committee will without doubt induce the legislature to exercise.

The necessity for the information sought by the legislature was strikingly shown in the case of these same companies. Two of the grounds upon which they solicited acts of incorporation, were, in fact, strong objections against them. They were these. First—That these companies had mainly contributed to the construction of two important rail roads. This in the first place was altogether fictitious. Had it been true it would have been a matter sincerely to be deplored, and would have been a full and all sufficient reason for withholding the grant of Coal trading privileges. For it is well known that no greater evil can be inflicted upon a Coal district than to give a coal company control of the rail road or canal leading into that district. This has been exemplified in the case of the Lehigh, the Delaware & Hudson, and the Little Schuylkill companies. Those corporations, by having the controul of the rail roads and canals of their respective districts, have locked up many thousand acres of Coal land, and in effect do debar the owners of the use of it; while they (the companies) enjoy a monopoly of the trade. At the time our two companies were before the legislature making

use of the arguments alluded to in their favor, one of them indirectly was exercising ruinous and oppressive powers over one of our rail roads—so much so that individual operators avoid its vicinity as an infected district. A knowledge of the Coal Region would have placed this subject in its true and odious light.—The other ground assumed was that the Companies had expended immense sums of money, &c. &c. If they had not presumed upon the want of information in the legislature, they would not have ventured to have given this as a reason in favor of their application. The true representation of the facts would have been, that they had squandered away some hundred thousands of dollars of stock in bounties to themselves or predecessors; were deeply in debt and wished to have the opportunity of making consumers of Coal repay them; or of shifting off their debts and stock upon some credulous capitalists.

The history of the Delaware Coal Company is in all essential particulars similar to the foregoing. The property reputed as belonging to the Company, and upon which it is doing business, is part of certain lands, landings, &c. estimated in 1829 to be worth \$51,000, upon which there are mortgages to the amount of 204,000 dollars. Thus yielding to the projector of the scheme a profit of \$153,000. The chief mine of the company did not cost 1000 dollars to put it in operation, and like that of the North American Company, has been much exhausted of its Coal; and the purchase of more land and the establishment of new works been found expedient. The state of the title as above indicated renders it not necessary to give a schedule of the effects of the Company. By adding the rise in the value of land and deducting the injury done to it by being exhausted of its Coal, its present value may be ascertained. The rise in value of land will not, however, counterbalance the injury done to it by taking out the Coal. The Company having been in operation two years only, it perhaps may be thought that these two years will not afford a fair average of the business of the Company so as to justify a calculation of how much the interest upon its capital adds to the cost of the Coal it produces.

The foregoing sketch will probably be sufficient to satisfy every disinterested person that if we must have coal companies they ought to be of an order far different from those now in existence. Monopolies, enormous debts and fictitious capitals are not the elements from whence fair trade may be expected to emanate.

THE third branch of our expose is, that such institutions are injurious, inexpedient and unnecessary, and that their creation, at this late period, will be productive of great injustice and of ruin to individual operators.

They are injurious because they retard the improvement of the country. They are an infringement upon the rights of individuals; and cannot conduct the Coal Business as advantageously to consumers and the public. Enough has been said to prove that they are unsuited to this trade, and that they are inexpedient. We shall proceed to show that they are injurious and unnecessary.

It has been asserted in behalf of Companies, and believed by some persons, "That if Companies are so extravagant and incompetent as they are represented, individual coal dealers have nothing to fear from them—they must soon ruin themselves." Also, "that if Companies can drive individuals out of the trade it must be by underselling them, and that this would be a benefit to consumers and the public." Neither of these propositions are well founded. We have shown that Companies are extravagant, and that our Coal Companies have accumulated large debts, but they are yet in existence; and two have just obtained a re-charter for a further period of five years. Companies cannot send coal to market so cheaply as individual coal dealers, and a proof of this is that the Companies rarely make and some of them never made a dividend, the others have made one or two dividends during a period of eight or ten years; and all of them have accumulated large debts. They have not sold coal cheaper than individuals. The debts they have accumulated, and the losses they have sustained, were the amounts of their expenditures over and above the proper cost of producing coal. The Companies will not desire us to turn to the records of the country, and to their own official documents, to show that they are one and all in debt; and it is very certain they cannot show that those debts were created by selling coal cheaper than individual coal owners sold theirs. The number of individual producers of coal now exceeds one hundred. The competition amongst them keeps the price of coal down to the lowest rate at which it can be afforded; and by thus compelling companies to sell equally cheap with themselves, have compelled them to lose money, which they most assuredly would not have done could they have avoided it. Thus it was not by selling coal cheap that the Companies lost money. Their losses were the fruits of their extravagance and of their unfitness for the business, and were expenditures over and above the proper and remunerating cost of mining and transporting their coal to market.

Last year the Companies were suddenly seized with a working impulse, and the most extraordinary and expensive expedients were resorted to in order to send a large quantity of coal to market; wages

and freight were driven up to a ruinous height; temporary works at great expense were opened; and coal was bought of individuals, which, when it reached market, cost a dollar a ton above the selling price. By these proceedings the Companies lost money, and two evils were inflicted upon individual dealers also. One was, that the cost of producing coal was greatly enhanced, and many were disappointed of a market and compelled to hold their coal over. Those who had contracted to deliver coal, and those who were compelled to keep it, both suffered injury. As a natural consequence of the great and uncalled for production of coal, a considerable portion remained unsold. This depressed the market the present season; and with the addition of an annual piece of wisdom of the Companies in publishing inflated statements of the quantity of coal they *intend* to send to market the ensuing season, disheartened buyers and made them afraid to purchase as usual. The publication just alluded to is in itself a small matter, but it shows the utter incapacity of these Companies to transact business with ordinary discretion if viewed as coal dealers. At the opening of the season the Companies publish a statement of the quantities of coal they propose to offer for sale during the year. The quantities stated are double or treble the amount the publishers are ever able to produce. If the quantities stated were to be actually sent to market, it would be perfectly glutted. What seller in his senses would endeavor to make buyers believe that he was going to produce the article offered for sale in such quantities as to make it a perfect drug—cheap and worthless—and if it were found that such statement was mere bombast, and that he could not produce a third or half of the quantity vaunted, he would be considered a tolerably ripe candidate for a lunatic asylum. But these Companies have some method in their madness; and this act of theirs is another evidence of the ruling passion. The object is to puff up the stock of the Company, and to show its vast resources and capacity, in utter disregard of common sense as to the coal market. It shows also what we have before stated, that the object of the Companies is not the fair and regular prosecution of the coal trade, but speculations in stock. Every act, every movement, every report, is formed, devised, and executed, to throw a glare over the stock and make it appear valuable. The coal trade is merely the lever, the means by which the grand purpose is to be accomplished—to get up the stock when it is down, and sell it when it is up. Although the statements alluded to have been regularly falsified year after year, over and over again, they are yet believed by some and made a handle of by others, to the injury of individual coal dealers. The buyer who believes the tale, will delay making his purchases in the expectation that the glut will take place; and he who disbelieves it will make use of it to frighten others from buying; that he may thereby depress the market and get coal cheap himself.

Every act of the Companies is adverse to the views and interests of individual coal dealers, and the fair and regular mode of doing

business. The measure under consideration, trifling as it may seem, has a tendency to keep individual coal owners out of employment the early part of the season; and then to throng them and make them work to disadvantage the latter part of it. The moment there is a press for coal, the miners raise their wages, and boatmen raise their freights, and the coal owner and consumers are the sufferers. An individual who expected to continue in the coal trade and to live by it, would not be guilty of the act complained of; but what does a stockholder, who is trying to sell out his stock, care for the trade if he can sell his stock?

At the opening of the present year the Companies, to shield themselves as far as possible from the effect of the last year's doings of their predecessors, sent out circulars and agents in all directions, offering large premiums for orders for coal, giving long credits, and promising to reduce the price of coal, should it fall during the season, and by these and other real and unreal inducements, succeeded in forestalling the market, or of engrossing the first sales or the demand for the first part of the year. The individual coal owners, not aware of the extent or the effect of these proceedings, continued their works as usual throughout the winter, and prepared for a fair, moderate season's work; but when the time arrived for selling or making contracts, they could do neither; the Companies had possession of the market, and the individuals had to sacrifice their coal, stack it up, hypothecate it, or stop their works until late in the summer, when buyers got over the old delusion occasioned by the statements of the Companies. Some coal owners abandoned a business so beset with disappointments and fluctuations; others reduced their working force, and some ceased working entirely. All these vexations Companies can produce without being able to undersell the individual operator. He knows that he can mine coal and send it to market cheaper than a Company can; and he knows that individuals relying upon the coal trade as a regular source of employment and profit, would not do as these Companies do, and in the bitterness of his suffering and disappointment, he demands to know why institutions are created to harrass him in his business and drive him from his home. The public welfare does not require the sacrifice, but is in fact seriously obstructed by it.

The other point under consideration is, that if Coal Companies are extravagant and incompetent to the business, and are constantly losing money, they must ruin themselves and give up the contest. This will without question sooner or later be the case with them all in succession; but in the mean time many individuals will be ruined and the whole may be driven from the trade. The Companies have already gone on at the Schuylkill mines for seven or eight years accumulating debts, and two have just been rechartered to go on for a further period of five years; and so long as the legislature shall grant Charters, and persons can be found to purchase stock, so long will the system be continued.

If individual operators had to contend against one set of Companies, with one set of stockholders each, the contest would be of short duration: but their misfortune has been to have to be subject to the speculations and irregularities of a succession of both. In 1825 the New York and the New York and Schuylkill Companies engaged in the coal trade. In 1826 the first named of these stopped. In 1827 the North American commenced. In 1830 the New York and Schuylkill stopped. In 1831 the Delaware Coal Company entered the field. In 1832 the Tuscarora and Phoenix Companies joined in the trade. In 1833 these two last named stopped. In short scarcely a year has passed in which one or more Coal Companies did not either commence or stop business. The operations of those which remained in the trade were so irregular and unequal as to defy all estimate as to the market. The stoppage of the first named Company in 1826 was a fair inducement for individuals to engage in the business to fill the vacancy, but by the time they may be supposed to have been fully in operation in 1827, the North American started up, and with the other Company sent 14,339 tons of Coal to market, nearly 9000 tons increase upon 1826. Thus depriving individuals of a market for 9000 tons of coal which they had prepared to furnish. It must be remembered too that the excess was nearly equal to one-third of the whole trade of the district, an amount which could not fail violently to agitate the market. During the two following years the Companies continued to increase their business at the rate of between five and six thousand tons each year. In 1829 they furnished 24,778 tons of coal, nearly one-third of the whole product of the district. This of course kept individuals back for three years in succession. In 1830 the New York and Schuylkill Company stopped, and the Company supply fell short 10,000 tons, which by adding the amount of increase, according to their rate the previous years, made the deficiency equal to 15,000 tons. In the year 1831 the North American made a further decrease in its business, and together with the Delaware Coal Company, sent to market only 12,618, being a deficiency in the Company supply of 20,000 tons, according to the rate of the three years. This of course made the demand for coal upon individuals pressing for two years in succession, and could not fail to induce many to engage in the business. And the fact is it had that effect, and individuals did engage in the trade in numbers and capacity, as we now see them equal to the supply of the whole market. This was a fair and rational proceeding upon their part. The two Companies had already stopped business; the only remaining one spoke openly of stopping business and selling its property, and it did actually sell a considerable part; and as since publicly admitted by its "Managing Director" "its operations must have been suspended had it not been sustained by the *individual funds or credit* of its Directors." Contrary to all expectations it was sustained, and together with new companies set up at the time, (1832,) sent to market 42,545 tons of coal, nearly

three times the amount of the previous year, and more than double the quantity ever before sent by the companies. Thus the usual destiny awaited the individual coal owners. By the time they had their works fairly in operation to supply the deficiency which must necessarily have arisen upon the failure of the companies, they were overwhelmed by the resuscitation of the old and formation of new ones; and in place of there being a scarcity of coal in the market, it was glutted; a quantity equal to the whole amount furnished by the Companies remaining unsold this Spring.

It is not necessary to point out the consequences of such movements. Last year individual coal dealers were seriously injured by not selling their coal, and this year they have had but one-third employment, and that too at depressed prices. It must be held in mind that a small surplus will produce a great depression in price; and that therefore dull sales, and reduced prices are added to deficient employment. Suppose an analagous case of Farmers having raised a quantity of grain equal to the whole consumption of the country, and when the time for selling or going to market arrives, the farmers should find that a company had imported or otherwise unexpectedly produced one-third as much more grain, would not this be an injury to the farmers. Suppose this extraordinary supply to be withheld, and that farmers should be induced by the scarcity thus created again to cultivate their fields and produce a full supply of grain, and when the time arrived for selling, they should again be met with another importation, would not this try their pockets and their patience. To complete the analogy, suppose these inducements and disappointments to alternate with each other for a series of years, and that the importations were made to sustain and cover some collateral and immoral speculations, would not the ruin of farmers, the depreciation in the value of lands, and the scarcity of grain, and in short the whole proceeding, be denounced as a grievous public evil? Would not consumers complain? Would not farmers have a right to complain of being thus deluded to their ruin? Would it not be in vain to say to them, "go on, you can raise grain cheaper than the other people, and in the end you will drive them out." The reply would be, "this is very correct reasoning, but in the mean time we shall all be ruined." The evil here described is similar to that to which individual coal dealers are and have during the past eight years been subjected to by the incorporated Coal Companies, but to a far greater extent. If a farmer cannot sell grain, he can raise some other crop; and although he may lose his year's work, he may not be compelled to abandon his farm; but if a coal owner cannot sell his coal, he must give up altogether; sacrifice his whole works and property, and seek out some other place and mode of getting a living. It has been said by some that coal is not a perishable article, and may therefore be kept over without material loss. To this it may be replied that the loss and expense of moving and stacking up such a heavy and also bulky article, are greater than all

the profits; and if it be kept long on hand, interest on the large capital necessary, together with wharfage, portorage, &c. &c. will absorb the whole proceeds, and therefore produce a total loss. It is of such importance in the coal trade that the supply should not materially exceed the consumption, that the coal dealers of England have established a regulation prescribing the precise quantity of coal that shall be produced monthly by each individual coal owner. In short, we know from experience that to compel an individual dealer to hold his coal over, that is, to prevent his selling in due season, is equal in force and effect to the passing of a law banishing him from the trade. Yet this is a visitation to which he is constantly exposed whenever some master wire-worker in a joint stock company may have a stock speculation in view.

One great objection to joint stock Coal Companies is that they are converted into stock-jobbing machines; and that in pursuing their stock speculations they destroy the coal market. Suppose one or more of these institutions lying dormant during a period of repletion or of debility, and the individual coal owners make their arrangements according to what they suppose will be the demand and the means of supply; after making large preparations, working through the winter, engaging workmen, and encountering a variety of expenditures, these dormant concerns start up and by extraordinary efforts of men and money, fill the market to overflowing; and when the individual dealer wishes to sell he must either do so at a loss or keep his coal until another season. In either case he suffers loss and injury, and may be prevented from meeting his engagements. The Companies, it is true, also suffer; but the persons composing them, the stockholders, may and frequently do make money by sales of stock. By one of these stock operations, the coal market may be embarrassed and depressed, individuals be ruined, the Company, as a body, be saddled with a large debt, and the persons composing the Company make large fortunes. This has been done repeatedly.

It may be matter of surprise or perhaps of disbelief with some that these Companies should be managed so badly as represented. But this latter is in a great measure accounted for by observing that the capitalists who become stockholders reside at a considerable distance from the scene of action, and are generally very inaccurately or not at all informed as to the trade, or the country, or the real state of any of the material facts. They are mostly of two descriptions of persons—they are either capitalists, who from personal representation and influence, are induced to invest small surplus funds which they do not rely upon either as a source of profit or as revenue to live upon; or they are stockjobbers, who take the stock as a mere speculation, to be got rid of the first opportunity, perhaps in barter, or in payment of a desperate debt. With the first description of persons little interest is felt or examination made as to the management of the concern, or the state of its affairs, which with the distance from the works or place of operations, afford full sway and ample immunity

to the stock speculator, who, desiring to make a speculation, may for the time being obtain the direction.

The foregoing view of our joint-stock Coal Companies may be sufficient to show that such institutions, intent upon speculations in stock rather than the regular and arduous prosecution of the Coal Trade, carelessly, unskillfully and extravagantly managed; and overwhelmed with debts, cannot compete with individuals well skilled in the business and always upon the spot to direct every movement and scrutinize every expenditure; but that *they can, have, and will*, continue to drive individual dealers out of the trade.

There is another erroneous impression which deserves correction; it is this—"That the creation of joint-stock companies is supposed to be a matter in which the public have very little interest;—that it is a question simply for the consideration of the parties engaged in the Coal Trade; and one about which they may bargain or dispute, and with which the public need not interfere," &c. &c. This is a great error, and one which has already been productive of much mischief. Is it not a matter of public concern that a trade which in a few years will be worth 20,000,000 of dollars annually, and which will affect and influence all other trades, should fall under the control of a few corporate bodies? Have the public no interest in stock gambling? The obtaining of money upon false pretences is declared by common law and by statute to be a criminal offence; and it has always been held to be the duty of the public guardians to protect the weak against the cunning of the designing. Hence gambling and gambling-houses are prohibited, and lotteries are now also very properly suppressed. The reason is obviously to deprive the unprincipled of all cover and pretext for beguiling the credulous to their ruin.—Is it not a matter of public concern that a few individuals should be privileged to levy upon the unwary vast sums of money to be squandered amongst themselves as a compensation for obtaining charters. The issuing and passing of notes of fictitious and broken banks, of wager policies, &c. are considered matters of public concern; and is it of no consequence that stock-scrap, of no intrinsic value whatever, to an amount probably exceeding a million of dollars, should be passed about from hand to hand through the country, scattering ruin and mischief in all directions. Is it not a matter of public concern that the individual coal land owners within three-fourths of the Coal Region should be deprived of the fair use of their property, and that the individual coal dealers in the other fourth should be harassed and driven from their business.

Independently of the injurious effect and tendency of joint-stock companies, the abstract question of right is clearly against their creation. A charter releases the members of the company from all responsibility on account of the debts of the institution. The stock may be or may become worthless, and the sum therefore given for the stock may be lost, but this is all a stockholder can lose—his person and his property is safe whatever may be the amount of liabilities

incurred by the company. An individual operator is liable both in his person and in his property for the utmost farthing of debt he may contract. Is not this a glaring inequality, and the more so as it operates in favor of the capitalist, who merely contributes money to the prejudice of him who contributes both his time and his money. It is the right of every person that he be permitted the free use of his talents, property and means in fair and equal competition with his fellow citizens to obtain a living for himself and family. It is unjust to curtail his rights as it is impolitic to restrain his energies and paralyze his means, unless some great public necessity or expediency requires the sacrifice. In all countries of equal rights and equal laws, it is held and admitted to be a violation of both to confer powers and privileges upon one set of men and refuse them to others equally meritorious and equally worthy of confidence. If it be expedient to exempt the persons and property of one party engaged in the Coal Trade from liabilities and responsibilities, equity requires that equal immunity be extended to all persons engaged in the same business. Let us all be placed upon an equal footing. The door must either be thrown wide open or be entirely closed. The grant of exclusive privileges is an infringement upon the rights of all who are excluded, and directly tends to create a monopoly—the favored party, being placed in a more advantageous position, must in the end prevail over and drive the less favored from the field and become sole master of the trade. That this is the inevitable tendency of joint-stock Coal Companies, is as clear as reason and experience can make any human event.

The monstrous hardship and injustice of subjecting the individual coal dealers to the ruinous influence of incorporated Coal Companies will be perceived at a glance. At the session of our legislature during the winter of 1824-5, applications were made for acts of incorporation for Coal Companies, all of which, after much discussion and deliberation, were refused. Similar applications were renewed at each successive session of the legislature for several years, and supported with all the force which zeal, interest and talents combined, could bring forward in support of the measure. The period also seemed propitious. The few persons engaged in the Coal Trade were deplorably deficient in number, capacity and experience, and the argument that individuals would not, in fact could not, furnish capital adequate to the proposed undertaking, had its full force. At that time there were no vested interests. The whole amount of money then absolutely invested in the Coal Trade was about \$2000. There were no towns to be depopulated; four or five houses in the town of Pottsville was the whole extent of the improvements. There were no families to be driven forth to seek a new home and new means of living. In short, no one would have been ruined or even injured—the country was a wilderness and might have so remained; and the obstacles and difficulties which the trade had to pass through seemed surpassing individual strength and enterprise. Notwith-

standing all this, the legislature decided finally, as was believed, that the creation of joint-stock Coal Companies was not necessary or expedient and should not be allowed in Pennsylvania. Relying upon the faith of this solemn decision, so clearly indicating what was to be the future course of the Legislature, capitalists and operatives from all parts of the country removed into the Schuylkill Coal Region, purchased coal lands, constructed rail roads, opened coal mines, and provided capital and all things requisite for a steady and vigorous prosecution of the Coal Trade. Each year has added to the force, numbers and means of the individuals engaged in the Trade, and they are now fully prepared and every way competent to supply the whole consumption of the United States.

There are many individual colliery establishments fully equal in extent and productive capacity to any of the collieries worked by incorporated companies, and I may point out as among the number the works of Messrs. Wagner, Dougherty, Patterson, Lewis, Brooke, Hodgson & Pinkerton, Neligh, Lewis & Co. Wetherill, Nichols, Young, Haas & Jennings, Blight, Wallace & Co. Bolton, and others which might be mentioned. An idea of the value, and effective force of the body of individual coal owners may be formed from the fact that they will this year send about 190,000 out of 220,00 tons of coal which will be sent from this district, and that they have not had half employment. Last year they produced nearly 154,000 of the 205,000 tons of coal sent from the district. In each of the preceding years the disparity in favor of individuals was much greater. In short, the experiment has been fully made and the ability of individuals to work coal mines, and supply the market with coal, has been fully tested and placed beyond the reach of doubt. Capital, the object sought for by the early applicants for acts of incorporation, has been obtained in abundance. Coal mines have been opened upon an extensive and permanent scale, and are worked upon the most economical and approved principles; and all obstacles to the successful prosecution of other branches of the trade have been surmounted, leaving nothing further to be desired, but equal and fair competition amongst those engaged in the business and a regular and adequate market for the coal produced.

This is not all that has been effected by individuals. Whilst steadily and vigorously pursuing the Coal Trade, they have contributed largely to the improvement, wealth and population of the country. They have built up large towns and villages, consisting of public and private edifices equal in point of durability and usefulness to any in the state. The town of Pottsville contains upwards of 500 dwelling houses, 6 places of public worship, 5 male and several female seminaries, 35 wholesale and retail stores of dry goods, groceries, hardware, drugs, flour, shoes, &c. 25 taverns, the principal of which are hotels, equal in style and capacity to any in the metropolis. It has a bank, post office, circulating and private library, a fire company, and three volunteer companies, one of horse and two of foot.—

Four lines of stages arrive and depart daily. It has a population exceeding 3500 inhabitants, and is valued at 1,000,000 of dollars. The towns of Port Carbon, Minersville, Schuylkill Haven, New Castle, St. Clair, Middleport, and others of less magnitude, all valuable and important, were built up and are occupied by individuals engaged in the Coal Trade. The surrounding country for many miles distance has been greatly improved and benefitted. The creation of a large demand for country products has induced the improved cultivation of farms and gardens. The proceeds of the skill, capital and labor of those engaged in the Coal Trade is expended in converting the wilderness into a home and residence. The country is embellished and enriched and made capable of becoming the seat of commerce, manufactures and the arts; and independently of the Coal Trade of sustaining a large and valuable population. The proprietors or coal owners with their families, together with the operatives and their families, are permanent residents of the district; these collect around them a population quite equal in extent to their own of storekeepers, mechanics, lawyers and doctors, teachers and preachers; and all the appliances of civilization necessary to render society respectable and happy. If the miner or laborer be dissatisfied with his employer, he need not remove from the district as he must if it were under the control of a company, but he may choose a future employer from among the hundred coal owners around him. The manager is the owner of the establishment and is bound to the spot by all the ties of attachment and interest. Thus the whole community of managers and workmen become attached to the place, each one is interested in its prosperity and welfare, and all are willing, individually and collectively, to decorate, improve and render more pleasing and comfortable this, their home, and which they hope to transmit to their posterity.

Contrast this view of the effect of individual industry and enterprise, with a country and population around a joint-stock monopoly. Look at Mauch Chunk, Carbondale and Tamaqua. The population of those places consists only of the servants and laborers of the companies, and all their commerce and manufactures the trade merely of those companies. The miners and laborers are dispersed in cabins and huts about the mines; and a manager or two with a few subordinate clerks form the population of their towns. No valuable and costly public or private edifices, improved streets and ornamented gardens. The whole region has a temporary make-shift aspect and character, in keeping with the condition and sentiments of the inhabitants, whose tenure is the nod of a superintendant, who is himself the creature of a moment at the mercy of a distant board of directors, whose fiat may sweep the whole population from the place. The occupant has no tie—no interest in the soil or in the success of the works. The establishment is for him a temporary abiding place, to be abandoned as lightly as possible when convenience calls for it, or the mandate of the superior requires it. The managers and su-

perintendants do not and cannot form attachments and connections in the Coal Region, their home is afar off; and it would moreover be the height of folly for them to spend their money, to build, improve or embellish a house, a garden, or a street, when they know not the hour they may be informed that their services are no longer wanted, and be required to abandon all, to be enjoyed by a successor.—The town of Carbondale, at the Lackawanna mines might, to a superficial observer, seem to form an exception to the view here given of the subject; but it does not in reality. A considerable part of the population of that place consists of the miners and laborers of the company—a class of persons distributed around the hundred colliery establishments in the Schuylkill Coal Region, and not forming any part of the population of its towns, as before enumerated. Every one acquainted with coal mines knows what kind of improvements miners make. With some logs or slabs a miner puts up a cabin or shantee in a few hours. This is the whole improvement; and when abandoned by the occupant furnishes fuel, &c. for the nearest resident. The town of Carbondale, exclusive of the shantees, consists of about 100 two story frame houses. The inhabitants of which are mainly supported by the lumber business, sending four or five millions of feet of lumber to market yearly. It is evident they are not supported by the Coal Trade, for no individual is permitted to engage in the trade; and no injury would arise to them if the Company were to discontinue it. It is to be inferred too that this improvement, small as it is, was encouraged by the company selling out the lots, and thereby giving up all control over the place. This remark is in some respects applicable to Mauch Chunk. It is stated that the Company there is willing to give up its control over the town, and that some lots have been sold and *some* individuals induced thereby to make improvements. All this is clear proof of the position assumed, that joint-stock companies are prejudicial to the improvement of the country, and it is not until such companies release their control and influence that improvements are made. Every person must know and feel the truth of this fact. What individual will take up his residence in a place subject to the control of a company or the superintendant of a company—when, if he expresses an opinion adverse to the whim or pleasure of the superintendant or of the company, he may be ordered not only to leave the house but also the settlement or district. Beneficial effects having been produced at Carbondale and at Mauch Chunk by the Companies at those places remitting their control, is a strong indication of the greater prosperity and improvement which would ensue upon their giving up the exclusive powers and privileges they continue to exercise over their respective coal districts.

It is worthy of remark that not one of all the Companies which have had existence at the Schuylkill mines have at any time owned or occupied a dwelling house or place of residence, with the exception of their miners' cabins at the mines. The New York & Schuyl-

kill Coal Company built a store, and bought a small house near it, both of which they sold again. The Delaware Coal Company also own a store-house—and the North American Company bought a mill with their land, and have built an office 12 or 15 feet square, one story high. These buildings are the sum total of all the contributions made by all the companies, six in number, to the towns, villages and places of residence, the boast and honor of the Schuylkill Coal Region. Thus it is that the country is not improved or society at large benefitted by such establishments. The towns and residences built for and by individuals engaged in the Coal Trade, are valued at \$2,000,000; of this sum the Companies have expended upon the buildings just mentioned, five or six thousand dollars. How vastly different is the condition of the districts left open to individual enterprize. The individual Coal owner moves with his family into the Coal Region to make it his home and permanent place of residence. A numerous and valuable population is thus brought together. To the Coal Trade they add commerce, manufactures and agriculture; and the profits of their business and their surplus means are expended in building houses and converting the wilderness into farms and gardens. Thus in place of the temporary settlements gathered around the works of joint-stock companies, permanent enlightened communities are here formed, contributing largely to the honor, the strength, and resources of the commonwealth.

Experience which has thus shown the entire capability of individual operators to prosecute the Coal Trade; and the beneficial operation of the exercise of individual industry and enterprise has also shown the baneful influence of joint-stock companies, both in regard to the Coal Trade, as also upon the welfare of the community at large. The one enriches the country by expending upon the surface the wealth drawn from the bowels of the earth; the other impoverishes it by sending all the profits out of the district to be distributed as dividends amongst stockholders, residents in distant places and states. The joint-stock companies now in operation at the Schuylkill mines have probably in all about 100 stockholders residing in the city of Philadelphia, and in the states of New York, New Jersey and other distant places. If these stockholders were to remove with their families, &c. into the Coal Region as individual coal dealers, they would very materially increase the population, wealth and prosperity of the country. Upon the other hand, if the individual coal owners shall be superseded by incorporated companies, all the towns in the region will be depopulated by their absence. The six companies which have had existence here have not contributed one house or one family to the population, neither would any increase of companies, all they would want would be a store perhaps attached to each concern, and a tavern or two for the accommodation of the managers upon their occasional visits. The difference in the population where the Coal Trade is carried on by individual coal owners, and where it is carried on by joint-stock companies,

consists in this, that in the former case the individual proprietors or workers of the mines reside in the Coal Region, in the latter case they reside in distant states and cities.—The evil effect of Coal Companies with non-resident stockholders, is similar to that alledged against Irish absentee landlords. They impoverish the country from whence they draw their revenues. They drain it of its products to enrich distant places, and leave it unimproved, exhausted and worthless. The intellectual and moral condition of the people is also disregarded and neglected. It cannot be supposed that a distant stockholder will feel much interest in the welfare of a people he rarely or never sees or visits, or that he will contribute to the support and extension of learning or religion among them; neither will he expend his means, intellectual or pecuniary, to enlarge their resources—to improve agriculture, or extend commerce and manufactures. He cannot see the local and geographical capacities of the country which he would were he a resident, and which his capital might render productive. Are back lands, whether cultivated or uncultivated, profitable or unprofitable while they remain the property of non-residents? The experience of every one will enable him to answer this question in the negative. The members of joint-stock companies must in the nature of things be and continue non-residents; an individual desirous of residing in the Coal Region and of engaging in the Coal Trade, will not become a stockholder in a Coal Company; he will not subject himself to the profusion and indecision of a distant management, and the careless supervision of uninterested agents, he will manage his own business.

Want of information and experience, the difficulties with which the Coal Trade at that time seemed to be surrounded, added to the argument about the want of capital, and that the Lehigh, the Delaware and Hudson, and the Little Schuylkill Companies proposed to make costly public improvements, no doubt induced the legislature to confer acts of incorporation upon those companies; but none of these reasons could be made to apply to the Schuylkill mines. Here were no costly canals or rail roads to be made, and experience had demonstrated that the capital and enterprise of individuals were every way adequate to the successful prosecution of the Coal Trade.—Independently of the abstract question of policy and expediency, to create incorporated companies at this time, is in an especial manner unjust toward the large class of individual operators engaged in the business. At the time the question was passed upon by the legislature few individuals had engaged in the trade, and the incorporation of companies then would have been productive of trifling loss; but the case is very different now. Thousands will be deprived of the means of living and be driven from their homes; and property to the amount of millions of dollars be depreciated in value. This will be the fact at the Schuylkill mines.

The subject will now be dismissed for the present with a few gen-

eral remarks. Enough has been said to enable every dispassionate person to form an opinion upon the merits of the case, as also upon the course best to be pursued hereafter. The writer has discharged a duty which he owed to the public and to the individuals whose rights he conceives have been invaded, and whose property and interests have been seriously injured and are yet further menaced. He has not entered upon the discussion with polemic views or feelings; and has carefully abstained from many details which he conceived not to be absolutely necessary to sustain essential points. If any thing he has said shall have the effect of producing loss to any one, it must be attributed to the facts themselves. The sufferers have more reason to thank him for what he has omitted than to censure him for what he has stated. If he has committed errors either in his facts or reasoning, he will be happy to see them corrected.—The success of the Coal Trade and the welfare of the country are identical with private interests by far too important to him to be sacrificed from mere pride of opinion, or to sustain a false theory.

Individual coal owners have no personal ill will or hostility to stockholders and managers of the incorporated Coal Companies, and do not desire to debar any of them from a participation in the trade. The former are at war against exclusive powers and privileges which infringe their individual rights, and not against the members composing the Coal Companies. Let the latter lay aside their corporate powers and become subject to the liabilities and responsibilities of individuals, and they may one and all engage in the trade to the fullest extent of their means and pleasure, and no dissatisfaction will be felt or complaint be uttered. All that individual operators ask for or desire, is that their rights and their property may be protected so far as is consistent with justice and the best interests of the public. And they feel assured that when the merits of their case shall be made known to the legislature, that their rights as citizens and the large amount of property at stake will each be allowed their due weight; and that the legislature will exercise the power it possesses to rescue this promising and important branch of industry from being a prey to fluctuation and embarrassment for an indefinite number of years; and that it will purify the public morals by removing a source of and temptation to gambling stock speculations. The legislature wisely exerted its authority to remove the evil of lottery gambling. Here are institutions not less demoralizing and not inferior in extent to lotteries.

The Coal Trade of this state was projected and commenced by individuals, and has thus far been sustained mainly by individual means and enterprise. The pioneers in the business had many and severe difficulties to contend against. It was a new and untried undertaking. Capitalists were averse to embarking their capital in a business which few understood, experienced workmen were scarce, and above all old habits and old prejudices in favor of wood had to be

encountered and removed. By perseverance and at great sacrifice of capital and personal comfort, individuals have succeeded in overcoming all these obstacles, to the establishment of a trade highly valuable and important to the country, and a trade which individuals are most fitted to sustain and prosecute with advantage to the public. Upon the faith of the legislative decision against joint-stock companies, they left other occupations and embarked their all in this new undertaking; and now having converted the wilderness into towns and villages, and created a source of profitable industry for thousands, they appeal to the justice of the Legislature not to compel them to abandon their homes and their business to aggrandize a few privileged capitalists.

We have shown that individual operators have expended upwards of five millions and a half of dollars upon account of the Coal Trade.

We have shown that Companies will injure those individuals and compel them to abandon the business they have established at so much cost.

We have shown also that such companies have a tendency to retard the improvement of the country, and that they are incompetent to the profitable or advantageous prosecution of the Coal Trade, and that they are inexpedient and unnecessary.

The question is now submitted to the public and to the legislature, whether this immense amount of property shall be sacrificed. Whether the trade upon which it has been expended shall be agitated, embarrassed and rendered unprofitable for a series of years, in order to enable a few joint stock Companies to continue their stock speculations, or shift their stock off upon some new capitalists. We have upon the one hand the inherent rights of every individual as a citizen of the state—The vested interest of the individual operators engaged in the trade—The well being of the Coal Trade, and the improvement and prosperity of the country. These are the considerations, weighty and all important, which stand opposed to the incorporation of Coal Companies; and that all are put in peril by such incorporations, does not admit of doubt. It is essential to the existence and welfare of the Companies that they should be relieved from a competition with the individuals who are compelling them to lose large sums of money yearly. If the Companies have monopolizing powers, we in every instance see those powers exercised, and individuals forcibly debarred from engaging in the trade, thereby setting the seal of falsehood upon the oft repeated declaration that individuals are not competent to carry on the trade. Those Companies which have not monopolizing powers can harass and destroy individuals by dashing into the trade by fits and starts, according to the impulse of stock speculations, giving inordinately long credits, unexpectedly flooding the market, so that when an individual has occasion to sell he cannot, and may thereby fail to meet his engagements. It is essential to an individual operator that he should have a regular market as well as a living profit. Neither of these are essential to a Coal

Company—at least not in Pennsylvania. Eight or ten such have been in operation during seven or eight years, and during that period three have made one or two dividends each; all the others have not attempted to make a dividend. This fact is notorious—is admitted on all hands; and it is equally notorious that every Company has lost money and accumulated large debts; and that this has been going on for eight years. Individuals now ask, when is this ruinous trial of strength to terminate? Must they abandon their business, or are they expected to continue the struggle for yet another eight years? They did hope, that having maintained the contest until four out of six corporations which had taken ground against them had yielded, that the day was not distant when they would be freed from their oppressors—but to their great discouragement, the legislature at its last session created two new corporations, or what was in effect the same, gave new existence to two which were about to expire. They do not, however, yet despair. The legislature reserved the power to recall this last disastrous act, and much confidence is felt that it will be recalled. The Schuylkill is the only coal district remaining open to individual competition and enterprize. The Lackawanna, the Lehigh, and the Little Schuylkill regions are locked against them by the monopolies existing there; and if individuals be driven from this, their first and their last hold, the whole Coal Trade of the state will become the property of a few corporate bodies.—Let consumers, the public, and above all, the guardians of the public weal, weigh well these facts.